



ENERGY ASSURANCE DAILY

Wednesday Evening, June 27, 2012

Electricity

Waldo Canyon Wildfire Knocks Out Power to Rampart Reservoir June 25, Threatens Colorado Springs Water Supply

Overnight Monday, June 25, the Waldo Canyon Fire burning three miles west of Colorado Springs, CO, destroyed power lines serving the Rampart Reservoir, forcing the facility to switch to back-up generators. The Rampart Reservoir, operated by Colorado Springs Utilities (CSU), collects 70 million gallons of water per day before sending it to a treatment plant and eventually to Colorado Springs customers. According to CSU, the back-up generators can power the Rampart Reservoir for up to two weeks, and even if officials can't restore power or refill generators, gravity will keep the water flowing. As of 3:00 PM EDT, CSU was reporting 750 customers without power in the vicinity of wildfire. CSU also reported that it has interrupted natural gas service to 2,186 evacuated customers. The fire, which expanded to 15,517 acres by July 27, continues to threaten structures in the Colorado Springs area.

<http://www.inciweb.org/incident/2929/>

<http://www.csu.org/residential/pages/default.aspx>

<http://www.csu.org/residential/energy/Pages/outagemap.aspx>

<http://www.gazette.com/news/fire-140869-rampart-reservoir.html>

ERCOT Sets Electric Use Record at 66,583 MW in Texas June 26; Power Use Breaks June Record for a Second Day in a Row

The Electric Reliability Council of Texas (ERCOT) said power use on Tuesday broke the June record for a second day in a row as temperatures remained in the triple digits in many parts of Texas. Power demand reached 66,583 MW on Tuesday in the hour between 4:00 and 5:00 PM CDT, surpassing Monday's record peak of 65,047 MW. Temperatures were forecast to lower over the rest of the week, and ERCOT did not expect power use to break the June electric peak demand record again on Wednesday. ERCOT's all-time peak demand record occurred on August 3, 2011, when electric use in the ERCOT region topped out at 68,379 MW. ERCOT has projected that power use will peak at 67,492 MW this summer.

<http://www.reuters.com/article/2012/06/27/utilities-texas-heat-idUSL2E8HR28V20120627?feedType=RSS&feedName=rbssEnergyNews&rpc=43>

NRG Reduces Load Megawatts on Its 580 MW W.A. Parish Natural Gas-Fired Unit 4 in Texas June 26 after Combustion Control Malfunction Causes Emissions

NRG Texas LLC reported a combustion control system malfunction on its W.A. Parish Unit 4 caused emissions Tuesday afternoon for 6 minutes, according to a filing with the Texas Commission on Environmental Quality. Operators reduced Unit 4 load megawatts in response, the filing said.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170330>

NRG Restarts 893 MW Limestone Coal-Fired Unit 1 in Texas June 27 after Turbine Trip June 26

NRG Texas LLC reported it was ramping up Limestone Unit 1 on Wednesday to meet rising afternoon power demand, according to sources familiar with operations. Operators told state regulators in a filing that the Unit 1 turbine tripped overnight Tuesday after a drop in pressure occurred as workers were changing the turbine's lube oil cooler for maintenance.

Reuters, 11:56 June 27, 2012

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170345>

Update: U.S. Appeals Court Dismisses Lawsuit to Block Renewed Operating License at Entergy's 563 MW Vermont Yankee Nuclear Plant

The U.S. Court of Appeals for the District of Columbia on Tuesday dismissed a lawsuit filed against the U.S. Nuclear Regulatory Commission (NRC) to challenge its March 2011 renewal of an operating license for Entergy Corp.'s Vermont Yankee Nuclear Power Plant. The Vermont Department of Public Service and the New England Coalition (NEC), a nuclear-safety watchdog group, sued the NRC in May 2011, claiming the issuance of a 20-year renewal license for the Vermont Yankee plant was unlawful because Entergy didn't furnish a valid water quality certification as required under the Clean Water Act. The court said the petitioners should have raised objections directly to the NRC during the proceedings that led up to the plant's relicensing last year; instead, the petitioners objected only after the NRC issued the license renewal. An advocate with the Department of Public Service said the state and NEC will consider whether to appeal the decision.

<http://finance.yahoo.com/news/us-appeals-court-says-vt-130548050.html>

<http://www.bloomberg.com/news/2012-06-26/vermont-loses-bid-to-block-entergy-nuclear-plant-license.html?cmpid=yahoo>

Update: TVA Postpones Special NRC Inspection to Clear Red Safety Rating at Its Browns Ferry Nuclear Plant in Alabama

Tennessee Valley Authority (TVA) told the U.S. Nuclear Regulatory Commission (NRC) last week that its Browns Ferry Nuclear Plant is still not ready for a third and final special inspection to clear a reactor's poor safety rating, according to a plant executive. Operators want more time to reduce risk and improve performance, the executive said. Last year the NRC issued a "red" rating of high safety significance after it determined in October 2010 that a valve intended to help cool the Unit 1 reactor in emergencies had not been functional in the previous 18 months. The NRC has already conducted the first two of three mandatory inspections. Under NRC policy, TVA must set the final inspection schedule. The utility hopes to be ready to invite NRC to inspect its progress in late 2012 or early 2013, according to a spokesman. The NRC will continue to conduct its routine oversight and inspections while TVA works to improve safety issues, a regional administrator said.

<http://timesfreepress.com/news/2012/jun/22/tva-browns-ferry-not-ready-for-inspection/>

Petroleum

Update: More Than 44,000 b/d of Oil and 164 MMcf/d of Natural Gas Production Remain Shut-In as Producers Ramp Up Production in Gulf of Mexico after Tropical Storm Debby

The Bureau of Safety and Environmental Enforcement (BSEE) Hurricane Response Team continued to monitor offshore oil and gas operations in the Gulf of Mexico Wednesday as producers resumed production following Tropical Storm Debby. Based on data from offshore operator reports submitted as of 11:30 AM CDT today, approximately 44,229 b/d (3.21 percent of the current daily oil production in the Gulf of Mexico) has been shut-in. It is also estimated that approximately 164 MMcf/d (3.64 percent of the current daily natural gas production in the Gulf) has been shut-in. Several producers in the region said Monday they were re-staffing platforms and rigs and expected production to resume by Tuesday. Williams Cos on Tuesday said that the ENI-operated Devil's Tower oil and gas platform (60,000 b/d, 110 MMcf/d) was restarting in the Gulf. Anadarko Petroleum Corp. said two of the four operated offshore platforms it had evacuated, Constitution (70,000 b/d, 200 MMcf/d) and Marco Polo (120,000 b/d, 300 MMcf/d), were brought back online Tuesday. Two other Anadarko facilities, Neptune (14,000 b/d, 23 MMcf/d) and Independence Hub (1 Bcf/d), would be restarted as soon as possible.

<http://www.bsee.gov/BSEE-Newsroom/Press-Releases/2012/Press06272012.aspx>

<http://www.reuters.com/article/2012/06/26/storm-gulf-williams->

[idUSL2E8HQAXN20120626?feedType=RSS&feedName=rbssEnergyNews&rpic=43](http://www.reuters.com/article/2012/06/26/storm-gulf-williams-idUSL2E8HQAXN20120626?feedType=RSS&feedName=rbssEnergyNews&rpic=43)

http://www.rigzone.com/news/article.asp?a_id=118880

Update: Flint Hills Shuts HCU for Repairs Due to Cooling Tower Leak at Its 288,468 b/d Corpus Christi, Texas Refinery June 25

Flint Hills Resources reported flaring at the West Plant of its Corpus Christi refinery was due to a leak from the hydrocracker heat exchanger into the continuous catalytic regenerator (CCR) cooling tower, according to a filing with the Texas Commission on Environmental Quality. Operators were shutting the hydrocracking unit (HCU) to make repairs, the filing said. The refinery had previously reported a release of benzene due to a leak in a cooling tower Monday afternoon.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170327>

Update: Investigators Say Caustic Vapors May Have Caused Rapid Corrosion in Motiva's 325,000 CDU at Its 600,000 b/d Port Arthur, Texas Refinery – Sources

Investigators trying to determine the cause of accelerated corrosion in Motiva's newly commissioned 325,000 b/d crude distillation unit (CDU) believe caustic vapors in the unit could be responsible for the damage, according to sources familiar with the investigation. Operators shut the CDU for repairs after a fire on June 9. While the fire damage was negligible, operators have since discovered extensive corrosion in the CDU's vessels and piping. Investigators now believe that when the CDU was idled for repairs after the fire, a few gallons per day of caustic was inadvertently seeping into the unit. Several days later, when operators began heating up the unit in an attempt to resume operations, the undiluted caustic vaporized into a highly corrosive agent. It is unclear why the caustic continued flowing into the unit while it was idled for repairs. A Motiva spokeswoman said only that a preliminary inspection indicated that parts of the new unit have been contaminated with elevated levels of caustic. The extent of the damage is still not fully known as portions of the crude unit are too hot to enter, according to the sources. Some areas may not be accessible for weeks.

<http://www.reuters.com/article/2012/06/25/usa-refinery-motiva-idUSL2E8HO4GH20120625>

Update: ExxonMobil Says Supply Line Leak Did Not Impact Production at Its 503,000 b/d Baton Rouge, Louisiana Refinery

ExxonMobil Corp. said on Tuesday a minor leak detected on chemical plant equipment at its Baton Rouge refinery over the weekend did not impact production. Operators detected and quickly stopped the leak on June 23, according to a spokeswoman. The company had reported an unknown amount of benzene released due to a leak in a supply line on the T1 tower in a filing with the U.S. National Response Center Monday. "There was no impact to production, and we continue to meet all contractual commitments," the spokeswoman said.

Reuters, 13:33 June 26, 2012

SRU Shuts Unexpectedly at Phillips 66's 139,000 b/d Wilmington, California Refinery June 26

Phillips 66 reported a sulfur recovery unit (SRU) shut down unexpectedly at its Wilmington refinery Tuesday morning, according to a filing with the California Emergency Management Agency.

Reuters, 12:30 June 26, 2012

Federal Agency to Examine Data on Sulfur Dioxide Emissions from Sinclair's 80,000 b/d Sinclair, Wyoming Refinery

The Agency for Toxic Substances and Disease Registry (ASTDR) said it will examine 3 years of data on sulfur dioxide emissions from Sinclair's refinery near Rawlins, Wyoming to help determine if it should conduct a more in-depth investigation on the effects those emissions could have on public health in the area.

http://trib.com/news/state-and-regional/federal-agency-eyes-emissions-from-sinclair-refinery-in-wyoming/article_20a32eb6-20c6-5fc3-b5d8-1caba3371a5c.html

Sunoco Reaches Tentative Labor Agreement with USW Members at Its 335,000 b/d Philadelphia, Pennsylvania Refinery

Sunoco Inc. on Tuesday reached a tentative labor agreement with members of the United Steelworkers (USW) union working at its Philadelphia refinery, according to sources familiar with the situation. USW members are scheduled to vote on the agreement Monday. Securing labor terms will move a joint venture Sunoco is discussing with Carlyle Group to keep the refinery operating one step closer to fruition, sources said. In mid-April Sunoco entered into exclusive discussions with Carlyle regarding a potential purchase of the refinery. Sunoco continues to operate the plant but has said it will begin idling the facility's main processing units in August if it cannot reach a deal to sell.

<http://in.reuters.com/article/2012/06/27/sunoco-philadelphia-usw-idINL2E8HR1DT20120627>

North Dakota, Canadian Sweet Crude Oils Discounts to WTI Plunge as Supplies Rise, Operators Plan Pipeline Restrictions

North Dakota and Canadian sweet oil discounts to the West Texas Intermediate (WTI) benchmark plunged as supplies rose and pipeline operators plan restrictions of some grades next month. Crude stockpiles at Cushing, Oklahoma rose 360,000 barrels to a record 47.8 million on June 15, U.S. Energy Department data showed. TransCanada Corp. said it will temporarily restrict some light sweet crudes on its Keystone pipeline starting in July, according to source familiar with the situation. Bakken oil's discount widened \$7 to \$13 below WTI yesterday afternoon, according to data compiled by Bloomberg. Syncrude's discount increased 75 cents to \$3.50 below WTI. Western Canada Select's discount widened \$3 to \$26.50 a barrel.

<http://www.bloomberg.com/news/2012-06-26/north-dakota-canadian-sweet-crude-oils-plunge-as-supplies-rise.html>

Update: Army Corps Approves Texas Portion of TransCanada's Gulf Coast Crude Oil Pipeline Project

The U.S. Army Corps of Engineers on Monday approved a 115-mile portion of TransCanada's Gulf Coast Project near Galveston, Texas. The Gulf Coast Project will construct a crude oil pipeline running from Cushing, Oklahoma to Nederland, Texas. TransCanada still needs approval for two other sections of the 485-mile line, which is intended to eventually connect to TransCanada's proposed 830,000 b/d Keystone XL pipeline to transport crude oil from Alberta, Canada to U.S. Gulf Coast refineries.

<http://www.businessweek.com/ap/2012-06-26/army-corps-approves-texas-portion-of-oil-pipeline>

DOI to Announce U.S. Arctic Oil and Gas Lease Sales Later This Week

Secretary of the Interior Ken Salazar on Tuesday announced the Department of Interior (DOI) will issue later this week its final proposed 2012–2017 Outer Continental Shelf Oil and Gas Leasing Program, which outlines the agency's plan for expanding energy development by making vast areas of the U.S. outer continental shelf available for oil and gas leasing. In the plan, DOI schedules two potential lease sales in the U.S. Arctic—one in the Chukchi Sea planning area in 2016, and one in the Beaufort Sea planning area in 2017.

<http://www.doi.gov/news/pressreleases/Remarks-by-the-Secretary-and-Deputy-Secretary-at-Norway-Arctic-Roundtable.cfm>

Natural Gas

Tennessee Gas Pipeline Plans Redesigning Northeast Expansion Project to Focus on New England Market

Tennessee Gas Pipeline Co. is developing a project to expand its natural gas pipeline system to bring supply from the Marcellus and Utica shales to the New England market, which is constrained by a shortage of transportation infrastructure, an executive said at recent industry conference in Boston. The Northeast Exchange Project was originally designed to increase supply into the Tennessee and Iroquois Gas Transmission System LP systems. Tennessee Gas Pipeline is now redesigning the project to focus on the New England market as well as potential deliveries at a new hub under development in Wright, New York to connect the Tennessee, Iroquois, and proposed Constitution pipelines.

http://www.downstreamtoday.com/news/article.aspx?a_id=36560

Southern Union Reports Flaring at Its 140 MMcf/d Keystone Gas Plant in Texas June 26

Southern Union Gas Services reported it was flaring low-pressure gas at its Keystone plant after a gas metering valve went down Tuesday morning, according to a filing with the Texas Commission on Environmental Quality.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170352>

ExxonMobil Shuts Compressor for Mechanical Inspection, Routes Inlet Gas to Flare at Its 135 MMcf/d Salt Creek Gas Plant in Texas June 25

ExxonMobil reported that operators shut Unit 3401 at its Salt Creek plant and routed its inlet gas to flare after they heard knocking coming from the unit during the first stage of compression, according to a filing with state regulators. Compressor mechanics were scheduled to inspect the unit at the time of the filing, and emissions were expected to continue until at least Wednesday night.

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=170273>

Other News

Valero Idles 110 MMGal/Yr. Ethanol Plant in Linden, Indiana Due to Poor Margins

Valero Energy Corp. has idled its Linden, Indiana ethanol plant due to poor economics caused by high corn prices, a company spokesman said on Wednesday. Valero announced a week ago it was idling its 110 MMGal/Yr. ethanol plant in Albion, Nebraska due to poor margins, as well. The company expects to return both plants to production before the autumn corn harvest, according to the spokesman.

Reuters, 12:21 June 27, 2012

Two Men Charged in Connection with Multiple Copper Thefts from Williams Gas Pipeline in Lower Chanceford Township, Pennsylvania between November 2011–February 2012

http://www.ydr.com/crime/ci_20924760/police-two-charged-stealing-copper-from-gas-pipeline

International News

Iran's Oil Exports Have Fallen 20–30 Percent from Normal Volumes – Iranian Oil Company Official

Iran on Wednesday acknowledged for the first time that its oil exports have fallen sharply, down 20–30 percent from normal volumes of 2.2 MMb/d. This percentage would put Iranian exports at 1.54–1.76 MMb/d, a reduction of 440,000–660,000 b/d. (Third-party estimates put Iran's crude exports in June at about 1.3 MMb/d.) A National Iranian Oil Company official in Moscow denied the reductions were caused by sanctions against Iran's nuclear program, saying instead they were due to maintenance overhauls at oilfields and diversions of crude production for refining.

Reuters, 08:00 June 27, 2012

Energy Prices

U.S. Oil and Gas Prices			
June 27, 2012			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	78.57	82.25	90.65
NATURAL GAS Henry Hub \$/Million Btu	2.70	2.60	4.20

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM and 1:00 PM Eastern Time every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM Eastern Time every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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